

Message Text

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ACTION AGR-01

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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 8356
INFO AMEMBASSY MEXICO

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PASS AGRIC HUGHES/NOVOTNEY FAS AND BARTLETT/FGIS

E.O. 11652: N/A
TAGS:EAGR, OFP, CA
SUBJECT: IMPORT OF US GRAIN EXPORT REQUIREMENTS ON CANAD-
IAN MARKET.

1. AGRICULTURAL ATTACHE HAS RECEIVED LETTER FROM CANADIAN
FEED INDUSTRY ASSOCIATION (CFIA) EXPRESSING STRONG CONCERN
OVER EFFECT OF MANDATORY OFFICIAL WEIGHTS ON CARLOADS OF
US CORN EXPORTED TO CANADA.

2. TEXT OF LETTER FOLLOWS: QUOTE THE NEWLY REVISED U.S.
GRAIN STANDARDS ACT WILL SEVERLY HANDICAP, IF NOT ELIMINATE
THE TRADE OF CORN GRAIN BETWEEN THE U.S. AND CANADA.
THE NEW REQUIREMENTS FOR OFFICIAL WEIGHING OF CORN SHIPMENTS
TO CANADA ARE, IN MOST LOCATIONS, IMPOSSIBLE TO FULFILL.
IT WOULD BE NECESSARY TO SHIP CORN TO OFFICIAL WEIGHING
STATIONS WHICH WOULD INCREASE THE PRICE OF CORN SUBSTANT-
IALLY.

BASED ON DISCUSSIONS WITH MEMBERS OF OUR INDUSTRY, WE
BELIEVE THAT THIS ADDITIONAL MOVEMENT AND WEIGHING OF CORN
WOULD INCREASE THE PRICE OF CORN TO THE POINT WHERE IT
WOULD NO LONGER BE POSSIBLE TO USE THIS PRODUCT AS AN
ENERGY SOURCE IN OUR FEEDS.

WE HAVE HAD A LONG STANDING NORTH AMERICAN MARKET FOR CORN

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THAT WILL BE SERIOUSLY DISRUPT BY IMPLEMENTATION OF THIS
ACT. WE CAN SEE THE VALUE OF THIS REGULATION FOR OFFSHORE
SHIPMENTS, BUT NOT IN RESPECT TO TRADE WITH CANADA. WE ARE
CERTAIN THAT THE US WOULD LIKE TO MAINTAIN THE MARKET IN
CANADA FOR CORN AS MUCH AS WE WISH TO CONTINUE TO PURCHASE
CORN FROM THE US.

WE WOULD APPRECIATE IT IF YOUR GOVERNMENT WOULD RECONSIDER

ITS POSITION REGARDING THE IMPLEMENTATION OF THESE REGULATIONS FOR CANADA.

SINCERELY YOURS, CURTIS L. FRIEND, CAE PRESIDENT. UNQUOTE.

3. AG ATT DISCUSSED PROBLEM WITH MALONE/FGIS AND UNDERSTANDS THIS REQUIREMENT WILL BECOME EFFECTIVE NOV 20. AS USDA AWARE A SIGNIFICANT PORTION OF APPROX ONE MILLION TONS US CORN AND SOYBEANS ANNUAL IMPORTS MOVE BY RAIL AND TRUCK. TRANSACTIONS ARE MADE IN A MANNER SIMILAR TO DOMESTIC SALES WHILE SOME US GRAINS MOVE TO EASTERN CANADIAN MARKETS BY LAKER VESSELS, WHERE LOADING CONDITIONS CAN FACILITATE OFFICIAL WEIGHT COMPLIANCE, CFIA IS CONCERNED THAT MANY OF THEIR MEMBER MILLS CANNOT BE ECONOMICALLY SERVED BY THIS MODE. BRITISH COLUMBIA CORN IMPORTS RELY ENTIRELY ON US RAIL SHIPMENTS. DEMAND FOR IMPORTS OF US CORN AND SOYBEANS INTO EASTERN CANADA IN 78/79 WILL BE UP DUE TO REDUCED CROPS IN ONTARIO.

4. AG ATT HAS INFORMALLY INFORMED APPROPRIATE GOC OFFICIALS. AS YET NO INDICATION OF GOC REACTION.

5. EMBASSY WOULD APPRECIATE RECEIVING ASSESSMENT FROM CONCERNED AGENCIES REGARDING TRADE IMPACT OF NEW REQUIREMENTS AND WHAT POSSIBILITIES EXIST TO ACCOMMODATE THIS TRADITIONAL NORTH AMERICAN CONTINENTAL TRADE.

ENDERS

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NNN

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